



**U.S. Department of Justice
U.S. Attorney's Office
Western District of Texas**

Johnny Sutton, U.S. Attorney

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**FORMER AUSTIN BUSINESSMAN AND FEDERAL FUGITIVE
PLEADS GUILTY TO FRAUD AND MONEY LAUNDERING CHARGES**

United States Attorney Johnny Sutton announced that 56-year-old Firooz Deljavan, former owner and operator of Austin Realtors Network, Inc., faces five years in federal prison after pleading guilty to participating in a fraud and money laundering scheme that defrauded federally insured financial institutions and mortgage lenders of more than \$15 million.

Appearing before U.S. Magistrate Judge Andrew Austin yesterday afternoon, Deljavan pleaded guilty to one count of conspiracy to commit mail, wire and bank fraud and one count of conspiracy to commit money laundering.

From March 27, 2001 to January 23, 2004, Deljavan and others instituted a real estate flip-for-profit scheme where various properties in Central Texas were bought at or near market value, then sold thereafter to normally unqualified buyers at an artificially inflated price. By doing so, Deljavan and others collected large sums of cash while fraudulently inducing lenders into funding the real estate loans based upon materially false statements, representations and promises provided by the defendants. Deljavan and others knowingly placed the lenders at risk of financial loss for funding unqualified or untruthful borrowers, thus jeopardizing the lender's financial investment in an overvalued real estate asset.

Prior to May 2004, Deljavan and his wife, Rosemary Rios, fled the United States to avoid prosecution. Deljavan and Rios were arrested in Turkey on November 17, 2004, where they remained incarcerated until they were extradited to the United States late last year.

Rios, age 52, who faces up to two years in federal prison after pleading guilty in July to one count of making false statements to obtain a real estate loan, is scheduled for sentencing at 9:00am on September 26, 2007 before United States District Judge Lee Yeakel. Sentencing for Deljavan has yet to be scheduled.

19 other individuals have been convicted and sentenced for their roles in this scheme. Two remain fugitives.

This case is the result of an investigation by the Federal Bureau of Investigation, Internal Revenue Service - Criminal Investigations, U.S. Postal Inspectors and the Department of Treasury Inspector General for Tax Administration. Assistant United States Attorney Gerald C. Carruth is prosecuting the case for the government.

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